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# INFORMATION REPORT

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COUNTRY China.

**CONFIDENTIAL**

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SUBJECT Communist Control of Business and Taxation,  
Tsingtao

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SUPPLEMENT TO  
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1. Business is at a standstill in Shantung. Dealers are being forced out of business by Communist marketing cooperatives, which buy the entire production of many local industries, then sell to the people at pegged prices.
2. The real estate market is especially depressed, mainly because of the extremely high taxes. Three separate taxes are levied on real estate owners: A tax on the land, a tax on the buildings occupying the land and a tax on the rentals. Many real estate owners have requested permission to turn their properties over to the Communist Government. Unless the owners can prove that they are completely bankrupt, these requests are seldom granted. Communist authorities believe that real estate operators have long reaped large profits and that they should now suffer losses in order to recompense the Communist Government and the people for years of exploitation.
3. LUAN I-hsiu (梁益修), who is a locomotive engineer on the Tsinan-Tsingtao railroad, also owns a great deal of property in Tsingtao, much of which was formerly occupied by the U.S. Marine Corps. LUAN now receives US \$1,000 from some property leased to the British-American Tobacco Company. About US \$150 is left for the support of LUAN's family after the taxes are paid.

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